

COURSE: B.COM (PROG.)
SEMESTER: IV
PAPER: COST ACCOUNTING

QUESTION BANK

COST SHEET/SINGLE OUTPUT COSTING/UNIT COSTING

Q.1 Prepare a “Cost Sheet” for the period ended March 31, 2014.

Particulars	Units	Rupees
Raw Material: Opening Stock		10,000
Purchases		85,000
Closing Stock		4,000
Direct Wages		20,000
Direct Expenses		10,000
Factory Overheads		100% of Direct Labour
Office Overheads		10% of Works Cost
Selling and Distribution Expenses		Rs. 2/- per unit sold
Finished Goods: Opening Stock	1,000	16,320
Production	10,000	
Closing Stock	2,000	FIFO

Profit margin is 20% of the selling price. No work-in-progress.

Q.2 Prepare cost sheet.

	Units	Rs.
<i>Sales</i>	80,000	8,00,000
Material Inventory		
01-01-2014		40,000
31-12-2014		32,000
Work-in-progress inventory		
01-01-2014		55,000
31-12-2014		77,000
Finished Goods		
01-01-2014	16,000	64,000
31-12-2014	24000	LIFO
Material Purchases		1,68,000
Direct labour		1,32,000
Manufacturing Overheads		1,10,000
General and Administration Expenses		44,000
Selling Expenses		48,000

Q.3 From the following data relating to manufacture of a standard product during March 2014, prepare a statement showing cost and profit per unit.

Raw Material used	Rs.	40,000
Direct Wages	Rs.	24,000
Machine Hours worked		9,500 hours
Machine Hour Rate	Rs.	4 per hour
Office overheads		20% of works cost
Selling overheads	Re.	1 per unit

Unit produced	20,000
Unit Sold	18,000 @ Rs. 10 per unit

LABOUR

Q.1

The cost accountant of Y Ltd. has computed labour turnover rates for the quarter ended 31st March 2005 as 10 %, 5 % & 3 % respectively under flux method, replacement method and separation method. If the number of workers replaced during the quarter is 30, find out the number of:

- (1) Workers recruited and joined
- (2) Workers left and discharged

Q.2

In a factory, Ram and Sham produce the same product using the same input of same material and at the same normal wage rate.

Bonus is paid to both of them in the form of normal time wage rate adjusted by the proportion which time saved bears to the standard time for the completion of the product. The time allotted to the product is fifty hours. Ram takes thirty hours and Sham takes Forty hours to produce the product. The factory cost of the product for Ram is Rs. 3,100 and for Sham Rs. 3,280. The factory overhead rate is Rs. 12 per man hour.

Calculate:

- (i) Normal wage rate;
- (ii) Cost of materials used for the product; and
- (iii) Input of material, if the unit material cost is Rs. 16.

Q.3

A worker takes 9 hours to complete a job on daily wages and 6 hour on a scheme of payment by result. His day rate is Rs.75 an hour, the material cost of the product is Rs. 400 and overheads are recovered at 150% of the total direct wages. Calculate the factory cost of the product under piece-work plan.

Q.4

The three workers Govind, Ram and Shyam produced 80, 100 and 120 pieces of a product X on a particular day in May 2016 in a factory. The time allowed for 10 units of product X is 1 hour and their hourly rate is Rs. 40.

Calculate for each of these three workers the following:

- (i) Earning for the day
- (ii) Effective rate of earnings per hour under:
 - (a) Straight piece rate plan
 - (b) Halsey premium bonus plan (50% sharing)
 - (c) Rowan premium bonus plan of labour remuneration.

Q.5

The following information is given to you in respect of a factory deptt. In which 100 workers are employed and the normal working hours are 200 hours per month:

Basic wages	Rs. 5,000 per month
Dearness allowances	50%
Employees' subscription to PF	10%

Overtime, if any, is paid at double the normal basic wage rate plus DA. Employer's contribution to PF is at equal rate with the employees.

You are required to calculate for a particular month the total labour cost and the labour costs of Jobs X and Jobs Y on which workers were employed in the proportion 3:2. Overtime of 10 hours was worked on job X only.

MATERIAL: ECONOMIC ORDER QUANTITY (EOQ)

Q.1

A, a refrigerator manufacturer purchases 1,600 units of certain component from B. His annual usage is 1,600 units. The order placing cost is Rs. 100 and the cost of carrying one unit for a year is Rs. 8. (i) Calculate economic ordering quantity, (ii) Tabulate your results.

Q.2

The Ganges Pump Company uses about 75,000 valves per year.

The valves cost Rs. 1.50 per unit when bought in quantities and the carrying cost is estimated to be 20% of average inventory investment on the annual basis. The cost to place an order and process the delivery is Rs. 18.

It takes 45 days to receive delivery from the date of an order and a safety stock of 3,250 valves is desired.

You are required to determine:

- The most economical order quantity and number of orders to be placed.
- The EOQ if the valves cost Rs. 6.00 each instead of Rs. 1.50 each.
- Order Point

MATERIAL: STOCK LEVELS

Q.3

Two components A and B are used as follows:

Normal usage	50 units per week each	
Minimum usage	25 units per week each	
Maximum usage	75 units per week each	
Re-order quantity	A: 300 units	B: 500 units
Re-order period	A: 4 to 6 weeks	B: 2 to 4 weeks

Calculate for each component: (a) Re-order, (b) Minimum, (c) Maximum & (d) Average stock level

Q.4

In manufacturing its product X, a company uses two types of raw materials A and B in respect of which the following information is supplied-

One unit of X requires 10 kilogram of A and 4 kilogram of B materials. Price per kg of A materials is Rs. 10 and that of B is Rs. 20. Re-order quantity of A and B materials are 10,000 kg and 5,000 kg. Re-order levels of A and B materials are 8,000 kg and 4,750 kg respectively. Weekly production of X varies from 175 units to 225 units, averaging 200 units. Delivery period of A material is 1 to 3 weeks and B material is 3 to 5 weeks. Compute: (a) Minimum stock level of A, and (b) Maximum stock level of B.

INVENTORY VALUATION

Q.5. The following are the details of a spare part purchased and consumed by M/S Sriram Mills;

01.01.14	Opening Stock	050 Units @ Rs. 29 per Units
10.01.14	Purchase	050 Units @ Rs. 31 per Units
15.01.14	Issued for Consumption	050 Units
01.02.14	Purchases	200 Units @ Rs. 40 per Units
15.02.14	Issued for Consumption	100 Units
20.02.14	Issued for Consumption	100 Units

01.03.14	Purchases	150 Units @ Rs. 50 per Unit
15.03.14	Issued for Consumption	100 Units

Find out: (i) Value of stock as on 31.03.14, & (ii) cost of raw material used If the Company follows: A) FIFO, B) LIFO & C) WAM under: (I) Periodical, (II) Perpetual Inventory System

OVERHEADS – GENERAL

Q.1

A factory incurred the following expenditure in 2013:

		Rs.
Direct Materials		50,000
Direct Wages		30,000
Factory Overheads: Fixed	15,000	
Variable	<u>10,000</u>	25,000
	<u>1,05,000</u>	

In 2014 it is expected that:

- There will be an increase in output on account of 50% more workers.
- Efficiency will come down by 10% on account of employment of new workers.
- There will be increase of 20% in fixed overheads.
- Cost of Direct Materials will come down by 5%.

Variable overheads vary with no. of workers employed. Draw up the budget for 2014.

OVERHEADS DISTRIBUTION

Q.2

In a Light Engineering Factory, the following particulars have been collected for the three monthly period ending 31st December 2018. Compute the departmental overhead rates for each of the production department assuming that overheads are recovered as a percentage of direct wages.

Particulars		Production Departments			Service Departments	
		A	B	C	D	E
Direct Wages	Rs.	20,000	30,000	40,000	10,000	20,000
Direct Materials	Rs.	10,000	20,000	20,000	15,000	15,000
Staff	Nos.	100	150	150	50	50
Electricity	Kwh.	4,000	3,000	2,000	1,000	1,000
Light Points	Nos.	10	16	4	6	4
Asset Value	Rs.	600,000	400,000	300,000	100,000	100,000
Area Occupied	Sq. yds.	150	260	80	20	90

The expenses for the period were:

Particulars	Rs.
Motive Power	5,500
Lighting Power	1,000
Stores overheads	4,000
Amenities to staff	15,000
Depreciation	150,000
Repair and Maintenance	30,000

General overheads	60,000
Rent and Taxes	3,000

Apportion the expenses of service department E proportionate to “Direct Wages” and those of service department D in the ratio of 5:3:2 to Deptts A, B and C respectively.

Q.3

From the following information work out the production hour rate of recovery of overheads in Departments A, B and C.

	Production Deptts.			Service Deptts.	
	A Rs.	B Rs.	C Rs.	D Rs.	E Rs.
Rent	200	400	150	150	100
Electricity	50	80	30	20	20
Fire Insurance	80	160	60	60	40
Plant Depreciation	1,000	1,500	1,000	300	200
Transport	47	44	47	100	150
Estimated Working Hours	1,000	2,500	1,800		

Expenses of the service departments D and E are apportioned as under:

	A	B	C	D	E
D	30%	40%	20%	-	10%
E	10%	20%	50%	20%	-

OVERHEADS DISTRIBUTION: MACHINE HOUR RATE

Q.1

The following annual charges are incurred in respect of a machine in a shop where manual labour is almost nil and where work is done by means of five machines exactly of similar type and specification.

		Rs.
1.	Rent and Rates (proportional to the floor space occupied)	4,80,000
2.	Depreciation on each machine	60,000
3.	Repairs and maintenance for the five machines	1,20,000
4.	Power consumed (as per meter) @ Rs.5 per unit for the shop	6,00,000
5.	Electric charges for light in the shop	51,000
6.	Attendants: There are two attendants for the five machines and they are each paid Rs. 6000 per month	
7.	Supervision: For the five machines in the shop there is one supervisor whose emoluments are Rs. 25000 p.m.	
8.	Sundry supplies such as Lubricants, Jute and cotton Waste etc. for the shop	45,000
9.	Hire Purchase Installments payable for the machine (including Rs. 3000 as interest) The machine uses 10 units of power per hour. Calculate the machine hour rate for the machine for the year.	12,000

Q.2

A manufacturing company uses two identical large and four identical small machines. Each large machine occupies one quarter of the workshop and fully employs three workers; each small machine occupies half the space of a large machine and fully employs two workers. The workers are paid by piecework.

Each of the six machines is estimated to work 1,440 hours per year, while the effecting working life is taken as 12,000 working hours for each large machine and 9,000 working hours for each small machine. Large machines cost Rs. 20,00,000 each, and small machines Rs. 4,00,000 each. Scrap values are Rs.2,00,000 and Rs. 40,000 respectively.

Repairs, maintenance and oil are estimated to cost for each large machine Rs. 3,00,000 and each small machine Rs. 1,80,000, during its effective life. Power consumption costs Rs. 5 per unit, and amounts for a large machine to 20 units per hour, and for a small machine to 2 units per hour. The manager is paid Rs. 4,80,000 a year, and the workshop supervision occupies half his time which is divided equally among the six machines. Details of other expenses are:

Rent and rates of the workshop: Rs. 6,40,000 a year. Lighting (to be apportioned in the ratio of workers employed) Rs. 1,68,000 a year.

Taking a period of three months as a basis, calculate the machine hour rate for a large machine and a small machine respectively.

ABSORPTION RATE

Q.1

The following information relates to the activities of a production department for the month of January, 2010:

	Rs.
Materials used	72,000
Direct wages	60,000
Machine hours	20,000
Labour hours	24,000
Overheads chargeable to the department	48,000

On one order to be carried out in the month of February 2010, the relevant data were--

Material	4,000
Direct wages	3,300
Machine hours	1,200
Labour hours	1,650

Calculate the cost of this order by using the following methods of absorption of overheads---

- (i) Direct labour hour rate;
- (ii) Percentage of direct wages; and
- (iii) Machine hour rate.

Q.2

A company has budgeted Rs. 5,00,000 for variable overheads and Rs. 8,00,000 for fixed overheads for the year. The overheads are recovered on the basis of the machine hours. The company has budgeted for 1,00,000 machine hours for the year. During the year, the company used 95,000 machine hours for the actual output. Actual costs incurred for the fixed and variable manufacturing overheads were Rs. 8,00,000 and Rs. 4,70,000 respectively.

Required:

- (i) Compute the over or under recovered variable manufacturing overhead amount.
- (ii) Compute the over or under recovered fixed manufacturing overhead amount.
- (iii) Compute the over or under recovered total manufacturing overhead amount.

ACTIVITY BASED COSTING

Q.1

A company, manufacturing two products, furnishes the following data for a year.

Products	Annual output (units)	Total machine hours	Total number of purchase orders	Total numbers of set - ups
A	5,000	20,000	160	20
B	60,000	1,20,000	384	44

The annual overheads are as under:

	Rs.
Volume related activity costs	5,60,000
Set-up related costs	8,19,200
Purchase related costs	8,16,000

You are required to calculate the overheads per unit of each product A and B bases on:

- (i) Traditional method of charging overheads.
- (ii) Activity based costing method.

RECONCILIATION OF COST AND FINANCIAL ACCOUNTS

Q.1

The net profit of Nidhi Limited according to financial accounts was Rs. 84,377. Prepare Reconciliation Statement and find out profit shown by cost accounts.

- (i) Depreciation charged in financial accounts Rs. 5,600 while recovered in cost accounts Rs. 6,250.
- (ii) Works overheads under-absorbed in cost accounts Rs. 1,560 while office overheads over-recovered in cost accounts Rs. 850
- (iii) Interest income not included in cost accounts Rs. 4,000.
- (iv) Loss due to obsolescence charged in financial accounts Rs. 2,850.
- (v) Bank interest and dividend received Rs. 375.
- (vi) Income-tax paid Rs. 20,150.
- (vii) Loss due to depreciation in inventories charged in financial accounts Rs. 3,375.
- (viii) Stores adjustment (credited in financial accounts) Rs. 237.

Q.2

The following Profit and Loss Account for the year ending 31st March, 2012 has been extracted from the books of A Ltd.

PROFIT AND LOSS ACCOUNT for the year ending 31-3-2012

	Rs.		Rs.
To Direct Material	10,000	By Sales	50,000
To Direct Labour	20,000	By work-in-progress in hand	
To Factory Expenses	9,500	Rs.	
To Administration Expenses	5,200	Direct Labour 600	
To Selling and Distribution Expenses	3,800	Direct Material 400	
To Interest on Capital	1,000	Factory Expense 300	
To Goodwill written off	1,500	By Finished Stock-in-hand	1,300
To Net Profit	3,000		2,700
	54,000		54,000

Cost Accounts manual states that the factory overheads are to be recovered at 50% of direct wages, administration overheads at 10% of work-cost and selling and distribution overheads @ Re. 1 per unit sold.

The units of product sold and in-hand were 4,000 and 257 respectively.

Prepare:

- (1) Statement of cost and profit as per Cost Accounts.
- (2) Reconciliation Statement.

OPERATING COSTING

Q.1

A lorry starts with a load of 24 tonnes of goods from station A. It unloads 10 tonnes at station B and rest of goods at station C. It reaches back directly to station A after getting reloaded with 16 tonnes of goods at station C. The distance between A to B, B to C and then from C to A are 270 kms, 150 kms and 325 kms respectively. Compute 'Absolute tonne-kms' and 'Commercial tonne-kms'.

Q.2

A transport company charges Rs. 1200 per ton for a 5 tons lorry load from station A to station B. The charges for return trip are Rs. 1100 per ton. In the month of July, 2014, a truck has made 10 outward journeys with full load out of which 3 tons were unloaded twice at C-station on the way. It returned without any load once from C station to A.

The expenses incurred were:	Rs.
Annual fixed charges	414180
Annual maintenance charges	138060
Monthly running charges:	23010

You are required to find the cost per-ton-kilometer (absolute) and the profit for the month of July, 2014 assuming that no concession is made for delivery at the intermediate stations.

Distance from A-station to B-station is 210 kms, and from A-stations to C-station 120 kms. The truck carried a load of 8 tons 5 times while returning from B-station but it was once caught by the police and was fined Rs. 20,000.

Q.3

A transport company has been given a 40 kilometer long route to run 5 buses. The cost of each bus is Rs. 61,44,000. The buses will make 3 round trips per day carrying on an average 80 percent passenger of their seating capacity. The seating capacity of each bus is 40 passengers. The buses will run on an average 25 days in a month. The other information for the year 2018-19 are given below:

Garage rent	Rs. 4,000 per month
Annual repairs and maintenance	Rs. 23,040 each bus
Salaries of driver	Rs. 20,000 each per month
Wages of conductors	Rs. 15,000 each per month
Manager's salary	Rs. 25,000 per month
Road tax, permit fee etc.	Rs. 13,225 per bus for a quarter
Office expenses	Rs. 5,000 per month
Cost of diesel per liter	Rs. 76.80
Kilometers run per liter for each bus	6 kilometers
Annual depreciation	15%
Annual Insurance	Rs.107,500

You are required to calculate the bus fare to be charged from each passenger per kilometer, if the company wants to earn profit of $33\frac{1}{3}$ percent on taking (total receipts from passengers).

Q.4

A transport company has been given a 20 km long route to run a bus. The bus costs Rs. 72,00,000 and has been insured @ 5% p.a. While annual taxes amount to Rs. 96,000, garage rent is Rs. 10,000 p.m. Yearly repairs will be Rs. 1,44,000 and the bus is likely to last for 5 years.

The driver's salary will be Rs. 3,00,000 p.a. and that of conductor's Rs. 1,68,000 p.a. In addition they are also entitled to 10% of the takings as commission (to be shared by them equally). Cost of stationery will be Rs. 60,000 p.a., manager's salary is Rs. 40,000 p.m. who also looks after accounts.

Diesel and oil will be Rs. 1,600 per 100 km. The bus will make 3 trips carrying on an average 40 passengers on each trip. Assuming 25% profit on takings, calculate the bus fare to be charged from each passenger. The bus runs on an average 25 days in a month.

Q.5

Keerti Transport Ltd. operates a fleet of Lorries. The records for lorry: L-14 reveals the following information for September, 2018:

Days maintained	:	30
Days operated	:	25
Days idle	:	5
Total hours operated	:	300
Total kms.	:	2,500
Total tonnage carried	:	250
(per trip onward 4 tonne, return 1 tonne per trip)		
Total cost for the month	:	Rs. 2,70,000

Prepare a performance statement showing:

- (i) Cost per day operated
- (ii) Cost per kilometer
- (iii) Cost per hour
- (iv) Cost per round-trip
- (v) Cost per commercial tone-km.

JOB COSTING

Q.1

Following information has been extracted from costing records of Jai Engineering Works in respect of Job No. 28:

Materials	Rs. 3,440
Wages	
Departments	A-60 hours @ Rs. 3 per hour
	B-40 hours @ Rs. 2 per hour
	C-20 hours @ Rs. 4 per hour

Overheads for these three departments are estimated as follows:

Variable overheads:

Department	A Rs. 4,000 for 4,000 direct labour hours
	B Rs. 3,000 for 1,500 direct labour hours
	C Rs. 1,000 for 500 direct labour hours

Fixed overheads:

Estimated at Rs. 10,000 for 10,000 normal working hours.

You are required to calculate the cost of Job No.28 and calculate the price to be charged so as to give a profit of 20% on selling price.

CONTRACT COSTING

Q.1

How much profit be credited to Profit and loss Account in the following case:

Contract price	20, 00,000
Cost incurred	11, 20,000
Cash received (90% of work certified)	10, 80,000
Work not certified	1, 20,000

Q.2

A company undertook a contract for a total of Rs. 24, 00,000. Prepare a Contract Account for the year ending 31st March, 2018 from the following particulars:

- (i) Wages Rs. 6, 00,000
- (ii) Plant Rs. 2, 00,000
- (iii) Materials Rs. 3, 00,000
- (iv) Overheads Rs. 1, 20,000
- (v) Depreciation @ 10% to be provided on plant.
- (vi) Materials lying at the site on 31st March, 2018 Rs. 40,000
- (vii) Work certified was to the extent of Rs. 16, 00,000 and 80% of the same was received in cash.
- (viii) 5% of the value of materials issued and 6% of the wages may be taken to have been incurred for the portion of the work completed but not yet certified.
- (ix) Overheads are charged as percentage of direct wages.
- (x) Ignore depreciation on plant for use on uncertified portion of the work.
- (xi) Ascertain notional profit and the amount to be transferred to Profit and Loss Account.
- (xii) Show the workings clearly
- (xiii) Also show relevant items in balance sheet.

Q.3

Modern Construction Ltd. has taken two contracts on 1st April 2015. The position of contracts on 31st March 2016 is as follows:

	Contract 1	Contract 2
Contract Price	27, 00,000	60, 00,000
Materials	5, 80,000	10, 80,000
Wages Paid	11, 74,000	17, 20,000
Other expenses	28,000	60,000
Plant at site	1, 60,000	3, 00,000
Unused materials at site	40,000	60,000
Wages Prepaid	14,000	16,000
Other expenses due	4,000	9,000
Work Certified	16, 00,000	30, 00,000
Cash received	12, 00,000	22, 50,000
Work Completed but not yet certified	80,000	90,000

The Plant at site is to be depreciated at 10%

Prepare the contract account in respect of each contract showing the notional profit and also the profit to be transferred to Profit & Loss account.

Q.4

The following information relates to a building contract for Rs. 10,00,000:

	During 2015	During 2016
Material	3,00,000	84,000
Direct Wages	2,30,000	1,05,000
Direct expenses	22,000	10,000
Indirect Expenses	6,000	1,400
Work certified during the year	7, 50,000	2, 50,000
Work uncertified	8,000	--
Material at site	5,000	7,000
Plant issued	14,000	2,000
Cash received from contractor during year	6, 00,000	4, 00,000

The value of plant at the end of 2015 and 2016 was Rs. 7,000 and Rs. 5,000 respectively. Prepare (i) Contract Account,(ii) Contractee Account for two years 2015 and 2016 taking into consideration such profit for transfer to profit and Loss Account as you think proper. Also show relevant items in the Balance Sheet.

Q.5

Compute a conservative estimate of profit on a contract (which has been 90% complete) from the following particulars. Illustrate 4 methods of computing the profit transferable to Profit & Loss Account.

(Rs.)

Total expenditure to date	4,50,000
Estimated further expenditure to complete the contract (Including contingencies)	25,000
Contact price	6,12,000
Work certified	5,50,800
Work uncertified	34,000
Cash received	4,40,640

PROCESS COSTING

Q.1

Calculate the number of units introduced in Process A if the output of the Process is 1030 units, abnormal loss is 50 units and normal loss is 10% of input.

Q.2

From the information given below, prepare:

- (i) Process A Account
- (ii) Abnormal Loss Account

1,000 tons @ Rs. 125 per ton were initially introduced in the process.

Wages Rs. 28,000

Factory Overheads Rs. 8,000

Normal Wastage 5% of total weight of material initially introduced

Output 830 tons

Normal Scrap 10% of the initial quantity introduced

The scrap realizes Rs. 80 per ton.

Q.3

2,000 units costing Rs. 4 per unit were introduced to Process I. Labour costs and other expenses were Rs. 1,080 and Rs. 120 respectively. Its output was 1,900 units. The normal scrap was 10% of the input and has a realizable value of Re. 1 per unit. Prepare Process I Account, Normal Loss Account and Abnormal Gain Account.

Q.4

A product passes through three processes, A, B and C.

10,000 units were issued to Process A in the beginning of October, 2018 at a cost of Rs. 1 per unit. The other expenses were as follows:

	Process A	Process B	Process C
Sundry Materials	1,000	1,500	500
Labour	5,000	8,000	6,500
Direct expenses	1,050	1,188	2,009
Normal Wastage	3%	5%	8%
S.P. of Wastage per Unit (Rs.)	0.25	0.50	1
Actual Output was (Units)	9,500	9,100	8,100

Assuming that there were no opening or closing stocks prepare

- (i) Process Accounts.
- (ii) Abnormal Wastage,
- (iii) Abnormal Effectives and
- (iv) Costing Profit & Loss Accounts.

PROCESS COSTING – WORK-IN-PROGRESS EQUIVALENT UNITS

Q.1

1,000 units were introduced in process I. The cost per unit being Rs. 80. Labour and manufacturing expenses were Rs. 42,750 and Rs. 22,500 respectively. 800 units were completed and the remaining units were considered as 100%, 75% and 50% complete as regards to material cost, labour and manufacturing expenses respectively. Prepare

- (i) Statement of Equivalent Production
- (ii) Statement of cost per unit
- (iii) Evaluation statement
- (iv) Process Account

Q.2

A product passes through two processes A and B. From the following particulars relating to process A, find out equivalent production and prepare the relevant accounts.

Units introduced in process A – 2,000 valued at Rs. 5,800

Amount spent as labour and production overhead:

Rs. 3,340 and 1,670 respectively.

Direct material introduced during the process – Rs. 1,440.

1,400 Completed units were produced in process A and transferred to process B, ~~Incomplete units 460.~~

Units scrapped 140 and sold at Re. 1 per unit.

The normal process loss was estimated at 5% on input.

It was estimated that incomplete units had reached a stage in production as follows:

Materials (including units introduced)	75%	completed
Labour	50%	completed
Overhead	50%	completed

Q.3

The following information relates to Process 'A';

Opening Work in Progress 2,000 units: Rs. 9,920 (Materials Rs. 7,120, Labour Rs. 1565 and Overheads Rs. 1235)

Units introduced during the period. 10,000

The following costs were incurred during the period

Material cost Rs. 90,080

Labour Cost Rs. 41,500

Overheads Rs. 16,600

Output transferred to next process 7,500 units

Scrapped units 1,500

Normal Loss 10% of total input (Sold @ Rs. 1.00 per unit)

Degree of Completion Material Labour Overheads

Opening WIP 40% 20% 20%

Closing WIP 60% 30% 30%

Prepare the Process 'A' A/c assuming FIFO method of closing stock valuation.

Q.4

Solve the above Question again assuming that the degree of completion in respect of the various element of opening work-in-progress is not given.